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Utahns Sentenced in Securities Case

The Utah Division of Securities with the Attorney General's Office announced Gary L. Moody of Bountiful and Steven Richard Moody of Toquerville, each pled guilty to two second degree felony counts of Securities Fraud and one second degree felony count of Pattern of Unlawful Activity in Salt Lake Third District Court on April 3, 2003. The offenses carry a possible penalty of up to fifteen years in the Utah State Prison. The guilty pleas were entered as part of a plea agreement where the additional counts against the Moodys were dismissed.

The investigation by the Division discovered from July of 2001 through February of 2002, Gary and Steven Moody offered and sold two different investment programs called Real Value Coupon Exchange and Preliminary Debt Reduction through their company, VirtualPrivateMarketplace (VPM). The Moodys are believed to have collected at least one quarter of a million dollars from at least 80 investors from the state of Utah, primarily in Salt Lake and Washington counties.

The Moodys represented they had developed their own international banking system whereby their investments would yield as much as a 1000% return in one week. Gary Moody claimed to have developed a thesis in banking that would produce the high return, which won him four doctorate degrees from Harvard University. There are no records of Gary Moody at Harvard University. Gary and Steven told investors they were millionaires who had substantial assets to secure the investors' funds. They told investors their funds were liquid, 100% guaranteed and backed by gold. The Division claimed the Moodys used money collected from investors for personal and living expenses such as dining, entertainment, child support and expenses related to Gary's wedding.

The Division of Securities took action against Gary Moody for securities fraud back in 1997. Gary Moody pled no contest to securities fraud, which was held in abeyance. The case was dismissed in 2001 since Gary had paid full restitution in the amount of \$28,000 to the victim. Gary had also entered a guilty plea to Scheme to Defraud in the first degree in New York in 1997 and spent six months in jail. The indictment from New York alleged Gary received \$20 million dollars based on the representation that his company, the Boston Moody Company, could purchase prime bank guarantees from the top world banks through the Rothchild banking family and resell the instrument at the best world market price.

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Steven Moody was previously licensed as a broker-dealer in California. The court documents stated the National Association of Securities Dealers (NASD) took action against Steven Moody in September of 2001. The NASD barred Steven Moody from association with any NASD member in any capacity based on Steven obtaining \$33,000 in customer funds under false pretenses and then using the funds for his own personal benefit.

The Division alleged Gary and Steven Moody failed to tell investors about their criminal and civil backgrounds. The Moodys also failed to disclose to investors that Steven had filed for Chapter 7 bankruptcy in April of 2000. Investors also didn't receive the returns they were promised, had checks from VPM that bounced and were not told how previous investors' funds had been used. The state also alleged Gary and Steven Moody failed to provide adequate disclosure to the investors such as a complete description of the investment, the identity of the officers, directors and their related experience, the number of investors, commissions paid or risk associated with the investment.

Gary and Steven Moody will be sentenced before the Honorable Judge J. Dennis Frederick on May 16, 2003. The Moodys also have pending litigation by the Securities and Exchange Commission related to their programs through VirtualPrivateMarketplace.